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RUEHFR/AMEMBASSY PARIS IMMEDIATE 6189  
RUEHRO/AMEMBASSY ROME IMMEDIATE 2140  
RUEHBS/USEU BRUSSELS IMMEDIATE  
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SUBJECT: JAPANESE THINKING ON UPCOMING WTO MINISTERIAL  
MEETINGS

Classified By: CDA Robert F. Cekuta, for reasons 1.4 (B) and (D)

11. (C) Summary: Ministry of Economics, Trade and Industry (METI) DG for Multilateral Trade Ogawa met with EMIN July 15 to outline thoughts on the upcoming WTO ministerial meeting on the Doha Development Agenda. Ogawa argued the U.S. and EU need to help establish a positive tone at the start if the Ministerial is to be successful. The U.S., he continued, should play the role it played in earlier rounds of setting out clearly what it would be prepared to do if other members tabled serious offers. He said he thought the EU needs something on geographic indicators and noted the importance of "anti-concentration clauses" for Mandelson to keep the Germans and other EU members on board. He also suggested differences between the U.S. and Japan, for example on anti-dumping, should be discussed after achieving overall agreement among the parties on modalities. He advised METI Minister Amari and MAFF Minister Wakabayashi will go to Geneva. End summary.

12. (C) On July 15 EMIN met with Ministry of Economics, Trade and Industry (METI) Director General for Multilateral Trade Tsunehiro Ogawa. Ogawa requested the meeting, between trips to Geneva, to discuss the Doha Development Agenda in advance of Ministerial meetings in Geneva scheduled to begin July 21. Ogawa advised METI Minister Amari would leave for Geneva July 18 and MAFF Minister Wakabayashi would go July 17.

13. (C) Ogawa opened saying two questions are important right now for the U.S. and Japan: how do we each view key issues, and how can the U.S. and Japan best cooperate so that the upcoming Ministerial is a success. Ogawa felt prospects for a solid DDA outcome may depend on the tone set at the start of the sessions and that a strong, clear initial U.S. statement outlining what the U.S. would be prepared to do in exchange for specific offers from other members will be essential. The U.S. had played such a role, he said, in the Uruguay and other previous trade rounds. Ogawa therefore hopes the U.S. will lead off with a strong offer; countries continuing to hold their cards close would lead to an unproductive atmosphere. He also commented that the U.S. offer on agriculture would have to show substantial cuts in "overall trade distorting domestic subsidies" to be widely accepted. Interestingly, Ogawa did not mention the issue of

disciplining export restrictions. EMIN noted steps the U.S. had taken in the past and added Japan and others have important roles to play in terms of setting a positive tone and moving the talks to a successful conclusion.

14. (C) Ogawa stated the European Union will be the other critical factor. He said certain issues, such as language on anti-concentration, will be important to Germany and enable Mandelson to keep the French in line. In addition, accommodation on geographic indicators will be needed for him to maintain Italian and Spanish support. He noted, however, that the Commission is in a weak situation in terms of the WTO since additional protections for geographic indicators are outside the single undertaking. Ogawa also questioned EU wisdom in agreeing with some developing economies to link commitments on geographic indicators with provisions in the Convention on Bio-Diversity. Ogawa thought that while the tactic might garner some developing country support, pharmaceutical and other companies in the EU might oppose the move.

15. (C) Noting the DDA's development imperative, Ogawa observed less developed members focus on calling for more duty-free and quota-free access to major developed markets. In his view, a solution to the major issues would enable resolution on these points. However, if we get stuck on the big issues, then the members will want to raise their numerous smaller concerns as well.

16. (C) Concerning what is needed to bring or keep key

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developing economies on board, Ogawa said Brazil already has some gains and hopes for more on agriculture, but is not likely to sink a deal if there is agreement among the other parties. India is not as difficult as it has been going into past ministerials and, Ogawa opined, while it has outstanding concerns, hopefully will not block overall progress in the DDA. Should India look like it is willing to play the spoiler, however, Ogawa hopes the U.S. might use bilateral leverage to encourage a constructive position. China would be a major beneficiary of a successful round, but does not seem to realize it. China, Ogawa continued, has given little thus far and Chinese participation in sectoral initiatives will be vital to achieving the critical mass needed for a successful outcome. As a recently acceded member, China may be allowed a little more time for transition, Ogawa said, but given its rapid growth and strong trade balance, any such transition times should be limited and China held to a high standard. Ogawa said he sees South Africa's issues mostly resolved. On graduation of members like Taiwan and Korea to developed economy disciplines, Japan favors encouraging them behind the scenes, and in advance of formalizing offers, to press them voluntarily to accept higher standards.

17. (C) Turning again to cooperation between the U.S. and Japan, Ogawa noted our differences on anti-dumping as well as agriculture but said it is better to postpone discussing differences until after agreement on modalities to facilitate general cooperation within the WTO. Both sides acknowledge the need for a robust agreement in order to sell it to their legislatures and to have credibility with/support from business.

18. (C) Ogawa concluded with his rough assessment that we have a better than a 50 percent chance of closing a deal. He reiterated his view that two essential factors next week will be a strong U.S. offer and U.S. leadership, and strong EU commitments and the EU Commission's ability to make the necessary movements. He also noted, while we need to make the DDA a success and deliver real benefits for developing members. Once this round is concluded members will need to consider new approaches if they decide in future years to undertake broad measures to liberalize global trade. This, he continued, is likely the last round following the model developed in the GATT.

